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1968

# ANNUAL REPORT

*will send 69 report*

**National  
Trust**

SINCE 1898

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## BOARD OF DIRECTORS

MELVYN G. ANGUS

*President, Lunham & Moore Limited*

J. D. BARRINGTON

*Consulting Mining Engineer*

FRASER W. BRUCE

*President, Aluminum Company of Canada Ltd.*

ANDRÉ CHARRON, Q.C.

*Executive Vice-President, J. L. Lévesque & L. G. Beaubien Ltée*

ROSS T. CLARKSON, Q.C.

*Smith, Davis, Anglin, Laing, Weldon & Courtois,  
Barristers & Solicitors*

THOMAS S. DUNCANSON

*Director, and Member of the Policy Committee,  
Moore Corporation, Limited*

MARSH A. COOPER

*President, McIntyre Porcupine Mines Limited*

E. H. HEENEY

*President*

C. BRUCE HILL, M.C.

GRANT HORSEY

*President, Wilgran Corporation Limited*

J. G. HUNGERFORD, Q.C.

*Chairman of the Board*

W. F. JAMES

*James, Buffam and Cooper, Consulting Geologists*

R. A. LAIDLAW

*Honorary Chairman*

A. HAZLETT LEMMON

*President, The Canada Life Assurance Company*

P. L. P. MACDONNELL, Q.C.

*Milner & Steer, Barristers*

ARGUE MARTIN, Q.C.

*Martin & Martin, Barristers*

ANSON C. MCKIM, O.B.E.

GRAHAM MORROW, O.B.E.

*Member, Executive Committee, Royal Insurance Group*

COLIN OSBORNE

JAMES C. PARLEE

*Senior Executive Vice-President, The International Nickel  
Company of Canada, Limited*

H. E. PEARSON, M.C.

*Chairman of the Board, Selkirk Holdings Limited*

RONALD W. PEARSON, D.S.O., M.C.

J. ALEX. PRUD'HOMME, Q.C.

*Director and Vice-President, Aluminum Company of Canada,  
Limited*

SMILEY RABORN, JR.

*President, Canadian Delhi Oil Ltd.*

RENAULT ST-LAURENT, Q.C., LL.D.

*St-Laurent, Monast, Desmeules & Walters, Barristers*

FRANK H. SHERMAN

*President and Chief Executive Officer, Dominion Foundries  
and Steel, Limited*

JOHN H. TAYLOR

*President, The Canadian Fuel Marketers Group Ltd.*

EDGAR F. TOLHURST

*Chairman of the Board, Tolhurst Oil Limited*

STANLEY M. WEDD

*Retired*

D. G. WILLMOT

*President and Chief Executive Officer, Molson Industries Limited*

HARRY H. WILSON

*Vice-Chairman of the Board*

J. ELMER WOODS

*Retired*

G. D. DES. WOTHERSPOON, D.S.O., E.D., Q.C.

*Senior Vice-President and Director, The T. Eaton Co. Limited*

W. H. YOUNG

*President and General Manager, The Hamilton Cotton Company  
Limited*



## SAVINGS AND INVESTMENT SERVICES

<i>Regular Savings Accounts</i>	A popular savings plan providing chequing privileges along with a four per cent interest rate. Interest is calculated and credited semi-annually.
<i>Special Savings Accounts</i>	A premium rate, non-chequing account designed for the regular depositor. Five and one-half per cent interest is calculated monthly and credited semi-annually.
<i>Guaranteed Investment Certificates</i>	High income earning certificates in denominations of \$500 and up, for terms of 1 to 5 years. The principal and interest is guaranteed by National Trust.
<i>Natrusco Common Share Fund Limited</i>	A common stock fund providing diversification and long term capital growth. Natrusco obtains professional management by employing National Trust's experienced investment officers and research analysts.
<i>Retirement Savings Plans</i>	An investment and annuity programme enabling the member to deduct contributions from income, and save on taxes while saving for retirement.
<i>Investment Management Accounts</i>	Individuals, institutions, and corporate investors enjoy active management of their investment holdings, including safekeeping of their securities and the maintenance of detailed accounts and records. Productive investment of capital based upon prudent investment planning, active supervision, and objective research.

*Other Related Services—*

Canada Savings Bonds  
Safety Deposit Boxes

Travellers' Cheques  
Money Orders and Drafts

Member of Canada Deposit Insurance Corporation



## ADVISORY BOARDS

### Montreal

- MELVYN G. ANGUS  
*President, Lunham & Moore Limited*
- FRASER W. BRUCE  
*President, Aluminum Company of Canada, Limited*
- C. F. CARSLY, M.B.E.  
*President and Director, Canada Vinegars Limited*
- ANDRÉ CHARRON, Q.C.  
*Executive Vice-President, J. L. Lévesque & L. G. Beaubien Ltée*
- ROSS T. CLARKSON, Q.C.  
*Smith, Davis, Anglin, Laing, Weldon & Courtois, Barristers & Solicitors*
- ANSON C. MCKIM, O.B.E.
- J. ALEX. PRUD'HOMME, Q.C.  
*Director and Vice-President, Aluminum Company of Canada, Limited*
- RENAULT ST-LAURENT, Q.C., LL.D.  
*St-Laurent, Monast, Desmeules & Walters, Barristers*
- EDGAR F. TOLHURST  
*Chairman of the Board, Tolhurst Oil Limited*

### Oshawa

- STEWART R. ALGER  
*Chairman of the Board of Governors, Durham College*
- E. RICHARD S. MCLAUGHLIN  
*Director of Quality Control, General Motors of Canada, Limited*
- EDWARD G. STORIE  
*President and General Manager, Fittings Limited*

### St. Catharines

- EARL R. DAVEY  
*President, Canadian Ohio Brass Company, Limited*
- GORDON GODWIN  
*Executive Vice-President, The Ontario Paper Company Limited*
- H. E. HARRIS, Q.C.  
*Fleming, Harris, Barr, Hildebrand, Geiger & Daniel, Barristers*
- C. BRUCE HILL, M.C.  
*Chairman of the Board, E T F Tools Limited*
- C. G. SHAVER, M.B., C.R.C.P. (C.)  
*Superintendent, Niagara Peninsula Sanatorium*
- D. G. WILLMOT  
*President and Chief Executive Officer, Molson Industries Limited*

### Winnipeg

- WILLIAM A. JOHNSTON, Q.C.
- E. H. MONCRIEFF  
*President, Standard Aero Engine Ltd.*
- KENNETH A. POWELL  
*President, K. A. Powell (Canada) Limited*
- GEORGE T. RICHARDSON  
*President, James Richardson & Sons Limited*
- C. GORDON SMITH  
*President, Oldgard Limited*
- J. ELMER WOODS  
*Retired*

### Edmonton

- C. W. CLEMENT, Q.C.  
*Clement, Parlee, Irving, Mustard & Rodney, Barristers*
- F. W. FORSTER, SR.  
*President, Bennett and White Alberta (1963) Ltd.*
- P. L. P. MACDONNELL, Q.C.  
*Milner & Steer, Barristers*
- HUGH MCCOLL  
*President, South Park Motors Ltd.*
- A. HOADLEY MITCHELL  
*Mitchell & Associates Ltd., Consulting Petroleum Engineers & Geologists*
- ALAN H. NASH, C.A.  
*Nash & Nash, Chartered Accountants*
- H. E. PEARSON, M.C.  
*Chairman of the Board, Selkirk Holdings Limited*

### Calgary

- ROSS A. MACKIMMIE, Q.C.  
*MacKimmie, Matthews, Wood, Phillips & Smith, Barristers & Solicitors*
- SMILEY RABORN, JR.  
*President, Canadian Delhi Oil Ltd.*

### Vancouver

- BRENTON S. BROWN  
*Vice-President, Western Division The Continental Insurance Companies*
- R. B. BUCKERFIELD  
*Director, R. L. Crain Limited*
- RONALD L. CLIFF  
*President, B.C. Transformer Co. Ltd.*
- H. H. DINGLE  
*Director, Johnston Terminals and Storage Limited*
- R. M. HUNGERFORD  
*President, Flex-Lox Industries Ltd.*
- VICTOR F. MACLEAN  
*President, Kelly, Douglas & Company, Limited*
- C. H. MCLEAN  
*Chairman of the Board, British Columbia Telephone Company*
- JOHN A. MCMAHON  
*President, Inland Natural Gas Co. Ltd.*
- RONALD W. PEARSON, D.S.O., M.C.
- FORREST ROGERS  
*Chairman of the Board, The British Columbia Sugar Refining Company, Limited*
- PETER PAUL SAUNDERS  
*President, Coronation Credit Corporation*

### Victoria

- THOMAS G. DENNY  
*Partner, Standard Furniture Company*
- G. FITZPATRICK DUNN, F.C.A.
- J. HOWARD HARMAN  
*Harman and Co., Barristers & Solicitors*
- ERNEST HEYBROEK
- MAJ-GEN. THE HON. GEORGE R. PEARKES,  
V.C., C.C., P.C. (CANADA), C.B., D.S.O., M.C., C.D.
- W. ALLAN PENDRAY



## EXECUTIVE OFFICERS OF THE COMPANY

J. G. HUNGERFORD, Q.C.  
*Chairman of the Board*

E. H. HEENEY  
*President*

### VICE-PRESIDENTS

E. H. AINLAY  
*Senior Vice-President, Finance*

J. L. A. COLHOUN  
*Toronto*

D. M. MCCLELLAND, C.A.  
*Administration*

G. D. FORSYTH  
*Secretary*

H. M. GALE  
*Western Offices*

J. S. MCKENDY  
*Finance*

J. M. ROBINSON  
*Corporate Trust*

A. P. SMIBERT, C.A.  
*Montreal*

F. T. SMITH  
*Finance*

W. G. THOM  
*Personal Trust*

A. S. THOMPSON  
*Finance*

R. M. YOUNG  
*Hamilton*

T. KNOTTENBELT  
*Assistant Vice-President, Finance*

W. H. BROUGHALL, Q.C.  
*Counsel, Personal Trust*

B. E. HARRISON  
*Personnel Director*

SUMMARY OF RESULTS 1968

END OF YEAR	1968	1967	INCREASE
Savings Deposits - - - - -	\$212,737,235	\$209,430,504	\$3,306,731
Guaranteed Investment Certificates - - -	134,657,970	108,563,374	26,094,596
Capital Funds - - - - -	22,542,510	21,657,708	884,802
Estates, Trusts and Agencies - - - - -	1,432,299,123	1,302,089,240	130,209,883

TOTAL FOR YEAR

Profits before taxes - - - - -	\$4,200,567	\$4,025,525	\$175,042
Taxes - - - - -	2,031,257	1,972,356	58,901
Net profits - - - - -	2,169,310	2,053,169	116,141
Dividends paid - - - - -	1,304,127	1,210,788	93,339

PER SHARE

Profits before taxes - - - - -	\$2.25	\$2.16	\$ .09
Taxes - - - - -	1.09	1.06	.03
Net profits - - - - -	1.16	1.10	.06
Dividends paid - - - - -	.70	.65	.05



## CHAIRMAN'S ADDRESS

### at the Annual Meeting

*J. G. Hungerford, Q.C., Chairman*

First, I must record our deep sorrow in the death of our Director, J. Grant Glassco, O.B.E., F.C.A., a wonderful friend of the Company and a great Canadian. I also record with deep sorrow the death of Frank Youngman, a member of our Vancouver Advisory Board for many years; Mr. Youngman was always active in promoting the Company's interests and he will be greatly missed.

I am pleased to record the appointment of two new Directors: Mr. Marsh A. Cooper of Toronto and Mr. Smiley Raborn of Calgary. Mr. Cooper is President of McIntyre Porcupine Mines Limited and Mr. Raborn President of Canadian Delhi Oil Limited. Both are well-known in the business and financial community.

Our Advisory Boards were further strengthened during the year by the addition of the following members: At Vancouver—Mr. Brenton S. Brown, Vice-President of the Continental Insurance Companies, and Mr. Ronald L. Cliff, C.A.; at Winnipeg—Mr. Donovan N. Knight, formerly a Director of Wood Gundy Securities Limited; at Calgary—Mr. Ross A. MacKimmie, Q.C. of the firm of MacKimmie, Matthews, Wood, Phillips & Smith and a former President of the Canadian Bar Association.

Later in the meeting the shareholders will be asked to approve an amendment to By-law Number 60. As the information circular which you have received points out, this By-

law among other things provides for the creation of the office of Chairman of the Board and sets out his duties. It also provides for the expansion of the duties of the President; many of his new duties were formerly designated as those of the Chairman.

As a result of these amendments, Mr. Harry H. Wilson, formerly Vice-Chairman, becomes Vice-Chairman of the Board. Mr. Wilson recently retired as an executive officer of the Company after forty-seven years of distinguished service but I am pleased to say that we will still have the benefit of his long experience and his knowledge of the trust company business.

I am sure that the shareholders will expect some comment about the proposed changes in the Estate Tax Act recently announced by the Minister of Finance in his Budget Speech.

First of all, may I say that I believe it most unfortunate that these proposals were made without prior consultation between Ottawa and those Provinces which levy succession duty. It would have been in the public interest to have some degree of integration worked out in advance. Until we know what provincial succession duty is proposed, we will have a situation which is most unfair to those who have taxable estates. The new proposals when they become law will be effective as from October 22, 1968; accordingly, many estates will be unnecessarily penalized because of the testator's inability to properly plan his affairs.



No-one is going to argue with the proposal to exempt benefits to widows. This, however, is just the sugar-coating. The cruncher comes when gifts are made to the next generation either by will or during lifetime. It would appear that the Government has become infected with the socialist philosophy of the Carter Report and decided that it is time to exact heavier penalties on inheritance by the next generation.

The impact of the increased estate tax rates will fall heavily on the medium-sized estates where a substantial tax toll is already being taken. In future a tax of 50 % will be exacted on all amounts over \$300,000. We in the trust business have seen the difficulties that arise when substantial funds have to be raised to provide for death duties, especially in those cases where the estate consists chiefly of a small- or medium-sized business. The problem will now be further aggravated.

The need for private pools of capital for investment by Canadians in their own country requires no emphasis. The need today is greater than ever before. While we are being urged to invest in Canada, the Government is doing its best to drain off the means to make it possible.

Turning now to the economy, 1968 saw an expansion of economic activity in Canada following the pause of 1966 and 1967. As activity expanded, inflationary pressures became somewhat less intense although we still experienced a rise in price levels. It was encouraging, however, to see productivity gains re-appearing with a consequent improvement in profit margins.

Many of Canada's problems in 1968 were external in origin and it is likely that this will be the case in the year ahead. As this year ends, the unsettled state of the international mone-

tary situation dominates our bond markets. This, together with the fear of continued inflation, is most unsettling to investors. Until more satisfactory solutions have been worked out for the international financial problems, Canada will have to cope with continued high interest rates. Should progress be made towards greater international monetary stability, then it is reasonable to expect that improved fiscal performance both in Canada and the United States will go a long way towards re-establishing order in our financial markets. In such an atmosphere we might see some retreat in interest rates from their recent historic highs.

May I, at this point, say a word about the late Mr. W. M. O'Connor. Mr. O'Connor died on November 24th after a brief illness. He had a unique record of fifty-one years of service with the Company which he joined in 1899, one year after its incorporation. After occupying almost all the senior positions the Company had to offer, he retired in 1951 at which time he was Chairman of the Board. Mr. O'Connor continued as a Director until the end of 1967. He was a man of great personal charm and devoted to the interests of National Trust. His energy, ability and the high standards of trusteeship on which he always insisted left their mark on the Company and were in large measure responsible for the reputation it established and the success it enjoyed during his years in office.

Turning briefly to the results for the past year, I believe that they demonstrate the strength and vitality of your Company in a year which presented us with a larger share of problems than usual and I know the shareholders will wish me to express their appreciation to our officers and staff for the splendid contribution which they have made to the results which the statement reveals.

## COMPANY OFFICES AND MANAGERS

### **Toronto—Head Office**

21 King Street East

#### *Branch Offices*

Northtown Shopping Centre, 5385 Yonge St., Willowdale  
C. E. BAIN, *Manager*

Golden Mile Plaza, 1882 Eglinton Ave., E., Scarborough  
R. B. TEMPLETON, *Manager*

11 St. Clair Avenue W., Toronto 7  
R. W. MYLES, *Manager*

Cloverdale Mall, Hwy. 27 and Dundas Street W., Islington  
R. C. ADAMS, *Manager*

1547 Bayview Avenue, Toronto 17  
A. I. RIDDELL, *Manager*

2360 Bloor Street W., Toronto 9  
J. S. HOLMES, *Manager*

938 St. Clair Avenue W., Toronto 10  
H. KAARLS, *Manager*

350 Eglinton Avenue West, Toronto 12  
K. A. DOYLE, *Manager*

2072 Danforth Avenue, Toronto 13  
R. A. WILSON, *Manager*

Eastown Shopping Centre,  
2646 Eglinton Ave. E., Scarborough  
W. F. GLIDDON, *Manager*

3350 Yonge Street, Toronto 12  
G. W. LYONS, *Manager*

2860 Lake Shore Blvd. W., New Toronto  
G. N. JODRELL, *Manager*

18 Bloor Street West, Toronto 5  
R. T. REEVES, *Manager*

1922 Weston Road, Weston  
G. A. STEPHENSON, *Manager*

Agincourt Mall, 3850 Sheppard Avenue East, Agincourt  
E. C. O'BRIEN, *Manager*

### **Montreal**

1350 Sherbrooke Street West, Montreal 109  
A. P. SMIBERT, C.A., *Manager*

#### *Branch Offices*

1011 St. Catherine Street West, Montreal 110  
L. LAMARCHE, *Manager*

Rockland Shopping Centre, 2237 Rockland Road,  
Town of Mount Royal, Montreal 304  
P. D. ERRATT, *Manager*

### **Oshawa**

32 Simcoe Street South, Oshawa  
D. G. MALCOLM, *Manager*

### **Hamilton**

11 Main Street East, Hamilton  
R. M. YOUNG, *Manager*

#### *Branch Offices*

Greater Hamilton Shopping Centre,  
Barton Street, Hamilton  
W. H. TYMCHUK, *Manager*

Fennell Square Shopping Plaza,  
Gage and Fennell Avenues, Hamilton  
M. D. SHERMAN, *Manager*

527 Brant Street, Burlington, Ontario  
D. W. TINLIN, *Manager*

999 King Street West, Westdale  
J. H. REYNOLDS, *Manager*

### **St. Catharines**

26 Queen Street, St. Catharines  
A. E. GARDINER, *Manager*

### **Winnipeg**

250 Portage Avenue, Winnipeg  
T. B. NASH, *Manager*

#### *Branch Office*

111 Polo Park Shopping Centre,  
1485 Portage Avenue  
A. W. S. DONALD, *Manager*

### **Calgary**

330-8th Avenue S.W., Calgary  
J. H. McKIBBEN, *Manager*

#### *Branch Office*

Chinook Shopping Centre, 6423 Macleod Trail  
W. T. DALE, *Manager*

### **Edmonton**

10072 Jasper Avenue, Edmonton  
A. C. C. HEDGE, *Manager*

#### *Branch Office*

213 Shoppers' Park, Westmount  
A. K. GILMOUR, *Manager*

### **Vancouver**

510 Burrard Street, Vancouver  
J. C. C. WANSBROUGH, *Manager*

#### *Branch Offices*

955 Park Royal Shopping Centre,  
West Vancouver  
L. S. GATTO, *Manager*

528 Brentwood Shopping Centre, Burnaby 2  
T. W. PROUDLOCK, *Manager*

999 Denman Street, West End Vancouver  
L. D. EAGLESTONE, *Manager*

### **Victoria**

1280 Douglas Street  
G. B. EMPEY, *Manager*

#### *Branch Office*

2190 Oak Bay Avenue  
GRAHAM TURNER, *Manager*



# STATEMENT OF INCOME, EXPENSES AND UNDIVIDED PROFITS

For the Year Ended October 31, 1968

	1968	1967
<b>Income</b>		
Fees and Commissions - - - - -	\$ 9,136,778	\$ 8,213,123
Income from investments - - - - -	25,376,788	22,848,075
Total - - - - -	\$34,513,566	\$31,061,198
<b>Expenses</b>		
Interest paid on savings and term deposits and on guaranteed investment certificates - - - - -	\$17,536,638	\$14,551,860
Salaries and staff benefits - - - - -	6,778,455	6,358,640
Operating expenses and provision for investment reserves including related income taxes - - - - -	5,997,906	6,125,173
Total - - - - -	\$30,312,999	\$27,035,673
Profit before income taxes - - - - -	\$ 4,200,567	\$ 4,025,525
Provision for income taxes - - - - -	\$ 2,031,257	\$ 1,972,356
Net Profit - - - - -	\$ 2,169,310	\$ 2,053,169
Undivided Profits brought forward from the previous year - -	\$ 930,061	\$ 837,680
	\$ 3,099,371	\$ 2,890,849
<b>Deduct:</b>		
Dividends aggregating 70 cents a share - - - - - (65 cents a share in 1967)	\$ 1,304,127	\$ 1,210,788
Transfer to Reserve Fund - - - - -	750,000	750,000
	\$ 2,054,127	\$ 1,960,788
Undivided Profits carried forward - - - - -	\$ 1,045,244	\$ 930,061

## STATEMENT OF RESERVE FUND

For the Year Ended October 31, 1968

	1968	1967
Balance brought forward from the previous year - - - - -	\$17,001,885	\$16,250,000
<b>Add:</b>		
Proceeds in excess of par value of Capital Stock issued during the year - - - - -	17,241	1,885
Transfer from Undivided Profits - - - - -	750,000	750,000
Balance carried forward - - - - -	\$17,769,126	\$17,001,885

## BALANCE SHEET

<i>Assets</i>	1968	1967
Securities:		
Canadian and Provincial Government Bonds - - - - \$	86,391,823	\$ 83,251,673
Municipal Bonds - - - - - - - - - - - - - - - -	6,971,024	6,316,291
Other Bonds and Debentures:		
Maturing within one year - - - - - - - - - -	53,259,083	57,392,882
Other maturities - - - - - - - - - - - - - - -	29,282,291	20,228,831
Stocks -	9,841,465	8,068,767
	<u>\$ 185,745,686</u>	<u>\$ 175,258,444</u>
Cash on deposit and on hand - - - - - - - - - -	7,574,311	5,706,758
Loans secured by Bonds and Stocks - - - - - - - - -	89,933	293,259
Advances to Estates, Trusts and Agencies - - - - - - -	309,357	243,269
Mortgages, less reserve - - - - - - - - - - - - - - <i>+10.6</i>	<i>&gt;</i> 210,303,792	190,073,041
Office Premises and Equipment, less reserve - - - - - - -	2,634,513	2,898,678
<i>Note:</i> Canadian and Provincial Government bonds are carried at amortized cost. Other securities are carried at cost less reserves, which in total, does not exceed quoted market values.		
	<u>\$ 406,657,592</u>	<u>\$ 374,473,449</u>
ESTATES, TRUSTS AND AGENCIES		
Securities, Cash and other Assets - - - - - - - - - - <i>+10.07%</i>	<u>\$1,432,299,123</u>	<u>\$1,302,089,240</u>

*Auditors' Report to the Shareholders*

We have examined the balance sheet of National Trust Company, Limited as at October 31, 1968 and the statements of Income, Expenses and Undivided Profits and Reserve Fund for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. All our requirements as auditors have been complied with.

The assets held for Guaranteed Account and for Estates, Trusts and Agencies are kept separate from the Company's own assets and are so earmarked on the books of the Company as to show the accounts to which they belong.

In our opinion, these financial statements present fairly the financial position of the Company as at October 31, 1968 and the results of its operations for the year ended on that date.

Toronto, November 19, 1968.

CLARKSON, GORDON & Co., Chartered Accountants.

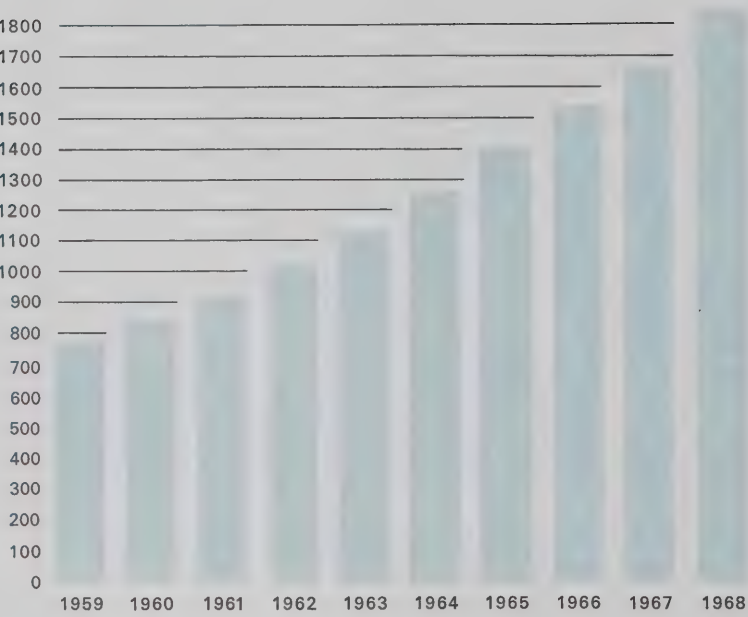


*Liabilities and Capital*

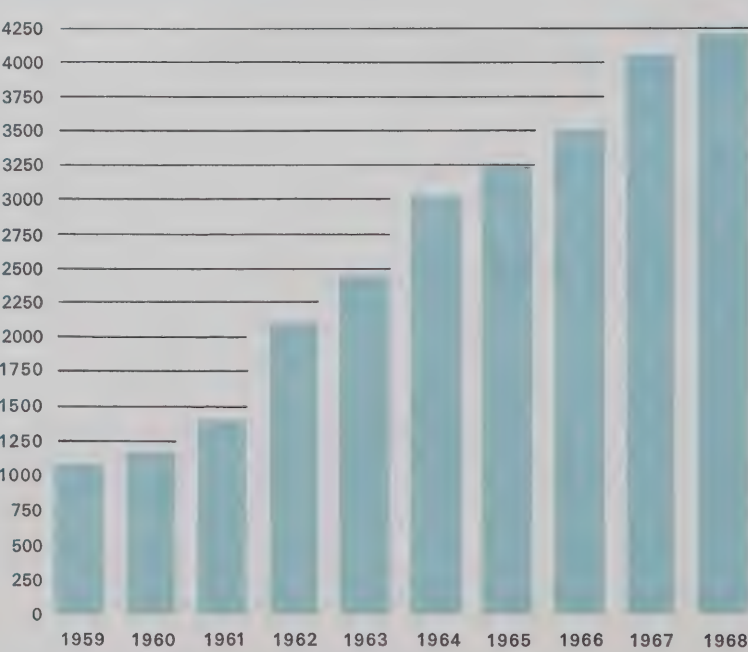
	1968	1967
<b>Liabilities:</b>		
Guaranteed Account:		
Savings Deposits - - - - -	\$ 212,737,235	\$ 209,430,504
Term Deposits - - - - -	36,014,952	33,862,812
Guaranteed Investment Certificates - - - - -	134,657,970	108,563,374
	<i>+ 9.0</i> \$ 383,410,157	\$ 351,856,690
Government of Canada and Provincial Income Taxes -	704,925	959,051
	<u>\$ 384,115,082</u>	<u>\$ 352,815,741</u>
<b>Capital:</b>		
Capital Stock:		
Authorized 2,500,000 shares of \$2 par value		
Issued and fully paid 1,864,070 shares - - - - -	\$ 3,728,140	\$ 3,725,762
(1967—1,862,881 shares)		
Reserve Fund - - - - -	17,769,126	17,001,885
Undivided Profits - - - - -	1,045,244	930,061
<i>Note: In 1967 options, expiring September 6, 1977, were granted to 65 employees to purchase 15,100 shares of the unissued capital stock of the Company at the then market price of \$16.50 per share. Options have been exercised in respect of 1,319 of these shares including 1,189 shares for a total consideration of \$19,618 in 1968.</i>		
	\$ 22,542,510	\$ 21,657,708
	<i>+ 8.6 &gt;</i> <u>\$ 406,657,592</u>	<u>\$ 374,473,449</u>
<b>ESTATES, TRUSTS AND AGENCIES</b>		
Estates, Trusts and Agencies under Administration - - - -	<u>\$1,432,299,123</u>	<u>\$1,302,089,240</u>

Attested: | J. G. HUNGERFORD, Chairman of the Board.  
E. H. HEENEY, President.

TOTAL ASSETS in millions of dollars



PROFITS BEFORE TAXES in thousands of dollars





## HIGHLIGHTS

from the President's address at the Annual Meeting

*E. H. Heeney, President*

### FINANCIAL STATEMENTS

The Financial Statements which are before you today show the results of the Company's 71st year of operation. The net profit for the fiscal year ended the 31st of October last, after all charges and after making adequate transfers to reserves, was \$2,169,310 as compared with \$2,053,169 in 1967. Earnings per share amounted to \$1.16, an increase of 5.5% over the \$1.10 per share earned in the preceding year. These improved earnings permitted a further increase in dividends. Your Directors have declared a dividend of 17¢ for the quarter, payable January 2, 1969, as compared with 16¢ for each of the preceding four quarters, and have also declared an extra of 6¢ as was done for the same date in the fiscal year just ended.

The Statement of Income, Expenses and Undivided Profits is largely self-explanatory. Fees and Commissions earned amounted to \$9,137,000 as compared with \$8,213,000 shown for the preceding year. These fees and commissions represent the result of the work of by far the greater part of our staff and accrue from the duties traditionally associated with a trust company.

The income from our personal trust business—that is, where we act as executor, trustee or agent for individuals or as trustee for pension funds—rose substantially. This part of our business has achieved great momentum and the results of many years of painstaking effort on behalf of our clients are now being realized. We look forward to a steady growth in this area. Rising operating costs and the updating of the various fee schedules under which we

operate have had, and continue to have, our very close attention; neither is susceptible to a quick or easy solution.

Our Estates, Trusts and Agencies account reached a new high of \$1,432,000,000 at the end of the year under review. New business coming to us amounted to \$219,000,000 in the twelve months; the net increase in assets, after distributions, amounted to \$130,000,000 as compared with a net increase of \$110,000,000 in the previous year.

Our Stock Transfer and Corporate Trust departments again contributed substantially to the growth in earnings.

On our Guaranteed Account the public entrusted us with substantially more money than in 1967. The total of savings deposits, guaranteed investment certificates and term deposits increased by \$31,000,000 and at the 31st October last the total of these accounts stood at \$383,000,000.

### A NEW SERVICE

During the fiscal year just ended there were further sharp changes in the money market. It became apparent in 1967 that there was a demand from our clients for a savings account which would bear a high rate of interest with more frequent compounding and without chequing privileges. Accordingly, as at November 1st last year we established such an account, in addition to our regular savings account which does carry chequing privileges. On March 1st, 1968 we raised our rate on the non-chequable accounts from 4½% to 5% compounded monthly. At the first of May we

reduced the interest rate on the chequable accounts from  $4\frac{1}{2}\%$  to  $4\%$  and increased the rate paid on non-chequable accounts to  $5\frac{1}{2}\%$ . These rates and type of accounts appear to be a fairly satisfactory "mix". The total on deposit in savings accounts increased from \$209,000,000 to almost \$213,000,000 over the year.

Several changes were made during the year in interest offered on guaranteed investment certificates. Our present rates are  $7\%$  on one- to four-year certificates and  $7\frac{1}{4}\%$  for a term of five years. We have had a very satisfactory increase in this type of business.

The increased cost of money has had a levelling effect on earnings which will not be overcome for a time. Higher interest rates have assisted us in the investment of new and maturing funds but it must be remembered that, when our pay-out to savings depositors increases, we feel the effect immediately on all our savings liabilities, whereas the benefits from investment and re-investment are realized only gradually over a period of years. Our ability to attract money on deposit and for fixed terms, even in these days of intense competition, is, however, encouraging. We are now satisfied that we can look after ourselves in this field even though the margin of profit is somewhat less than two years ago.

## INVESTMENT PERFORMANCE

Our investment management team has again performed with distinction. Performance in investment management is being demanded by clients to a greater degree than ever before. We are well aware of the necessity of excelling in this field in order to hold and to attract new business. As a measure of our competence in investment management, I draw your attention to the increase during the year in unit asset value of the common stock portion of certain of our pooled funds. In one of these funds, in which we invest the annual pension contributions of many of our modest-sized corporate

clients, the common share units had a market value of \$16.37 at the end of October 1967. On the 31st October 1968 the unit value was \$20.98 for an increase of  $25.3\%$ . Similarly, the units of our equity fund for individual Retirement Savings Plans increased by  $25.8\%$  during the same period. From the end of October 1967 to the same date in 1968 the share value of Natrusco Common Share Fund increased from \$12.47 to \$14.76 or by  $18.3\%$ . In the same period the average of Industrial Stocks listed on The Toronto Stock Exchange advanced only  $14.1\%$ .

We believe that these performances are impressive and that the growth of our business in the area of investment management indicates a recognition of our ability in this field. We also realize, however, that performance must be achieved in the long run as well as the short. The "shoot-from-the-hip" investment managers have had a hey-day in the somewhat irrational new issue market which has existed in the past year. But we are in the business for many years to come and our investment performance will be judged over a period longer than just weeks or months.

## EXPANSION

It is two years since a new office was opened. This pause resulted from changed and intensely competitive conditions. We now feel that we are justified in undertaking a further modest expansion. Accordingly, we have made arrangements to open at least two additional offices in the current fiscal year.

You will be interested in a word about liquidity. Under the Loan and Trust Corporations Act of Ontario, we are required to maintain a liquidity ratio of  $20\%$  of demand obligations and obligations maturing within one hundred days. The types of securities which are eligible for liquidity purposes are clearly defined. Our ratio is presently  $37\%$  as against the required  $20\%$ . At the year-end we held in cash and in securities maturing within three years over \$70,000,000. In addition we held an aggregate



par value of readily marketable Government of Canada bonds maturing in more than three years of over \$40,000,000.

During 1968 we made modest additions to our holdings of stocks. The total market value of all holdings of stocks and bonds, taking Canadian and Provincial Government bonds at amortized cost, is substantially above the values shown on the Balance Sheet.

## MORTGAGE LOANS

Our investment in mortgages increased by \$20,000,000 last year and at the end of October stood at \$210,000,000 after the deduction of reserves. Institutions such as ours are being strongly urged to make funds available for mortgages on residential units. We have made a substantial contribution; most of our mortgages are on houses or multi-family buildings. At the end of the 1968 fiscal year 27% of the total amount of our loans were under the National Housing Act and a further 53% were conventional first mortgages against dwellings. Thus 80% of our total mortgages were made to home-owners.

A word should be said about reserves against conventional mortgages. Prior to the Budget proposals of last October, lending institutions had been allowed under the Income Tax Act to build up tax-free reserves of three per cent of the value of the mortgages held. This could be done by the addition to reserves before taxes of not more than one-half of one per cent per year of the value of the mortgages. The present Budget proposal is that this tax-free reserve should be reduced from three per cent to one and one-half per cent over the next ten years, with tax to be paid on the annual amounts brought out of reserve. If the proposal is finally carried into law, it will be necessary for us to bring back into taxable income, based on our present portfolio, about \$1,400,000 over the ten-year period. The proposal contains an element of retroactivity which is most undesirable in tax legislation.

After making provision for reserves and paying a dividend of 70¢ per share as compared with 65¢ in 1967, your Directors were able to transfer a further \$750,000 from Undivided Profits to the Reserve Fund. After payment of the increased dividend and making this transfer, the Undivided Profits account stood at \$1,045,244 which was \$115,000 greater than at the end of 1967.

## STAFF

During the year a number of our senior officers were assigned to different duties. Each change has resulted in new approaches and increased vitality being brought to bear on departmental effectiveness. Our senior officers, our supervisory group and our staff in general continue to maintain a high standard in the conduct of our business. While there is a considerable turnover in our more junior staff, a strength of the Company is that thirty per cent of our people have ten years or more service and ten per cent have been with us for twenty-five years or more. Perhaps I might be permitted on your behalf to express our thanks to all of them for their loyalty and hard work.

Last year I referred to further extensive steps that had to be taken in the field of data processing and mentioned that we would be converting to new equipment and new systems in 1969. We have every reason to believe that our targets will be met and that our objectives as to quality and speed of performance will be attained.

We are pleased, once again, to acknowledge the great strength which is afforded the management of this Company by our Directors and by the Members of our Advisory Boards. We gratefully recognize their unfailing interest in the Company and their kind and courteous treatment of all of us. Again I remind you that their attention to Company affairs assures clients and shareholders alike of the full protection to which they are entitled.

## SUMMARY OF GROWTH

	1968	1967	1966	1965
<b>END OF YEAR</b>				
Savings Deposits - - - - -	\$212,737,235	209,430,504	200,588,832	196,843,300
Guaranteed Investment Certificates	134,657,970	108,563,374	86,482,867	42,416,900
Capital Funds - - - - -	22,542,510	21,657,708	20,813,182	20,049,100
Estates, Trusts and Agencies - - -	1,432,299,123	1,302,089,240	1,191,551,308	1,113,917,000
<b>TOTAL FOR YEAR</b>				
Profits before taxes - - - - -	\$ 4,200,567	4,025,525	3,572,583	3,250,100
Taxes - - - - -	2,031,257	1,972,356	1,690,917	1,567,600
Net profits - - - - -	2,169,310	2,053,169	1,881,666	1,682,400
Dividends paid - - - - -	1,304,127	1,210,788	1,117,650	1,080,300
<b>PER SHARE</b>				
Profits before taxes - - - - -	\$2.25	2.16	1.92	1.70
Taxes - - - - -	1.09	1.06	.91	.80
Net profits - - - - -	1.16	1.10	1.01	.90
Dividends paid - - - - -	.70	.65	.60	.50



1964	1963	1962	1961	1960	1959
			(10 months)		
171,078,537	142,268,756	108,911,206	84,660,112	72,427,662	66,560,687
29,710,525	26,931,471	19,786,701	16,465,316	14,684,780	8,243,124
16,947,079	14,003,601	11,476,018	10,532,149	7,194,443	7,095,428
016,935,854	945,916,031	846,688,142	772,406,866	717,457,004	664,092,078
3,013,932	2,493,750	2,112,648	1,438,531	1,181,407	1,104,226
1,577,751	1,264,754	1,108,886	715,249	539,000	502,111
1,436,181	1,228,996	1,003,762	723,282	642,407	602,115
959,914	802,669	666,663	483,866	570,762	540,000
1.62	1.48	1.39	.95	.79	.74
.85	.75	.73	.47	.36	.34
.77	.73	.66	.48	.43	.40
.54	.50	.44	.32	.38	.36

## NATIONAL TRUST'S GROWING INVESTMENT RESPONSIBILITIES

The responsibility for the 'management of money' has expanded the original concept of a trust company as chiefly an administrator or custodian, and special attention has been given to the development of the Company's investment facilities.

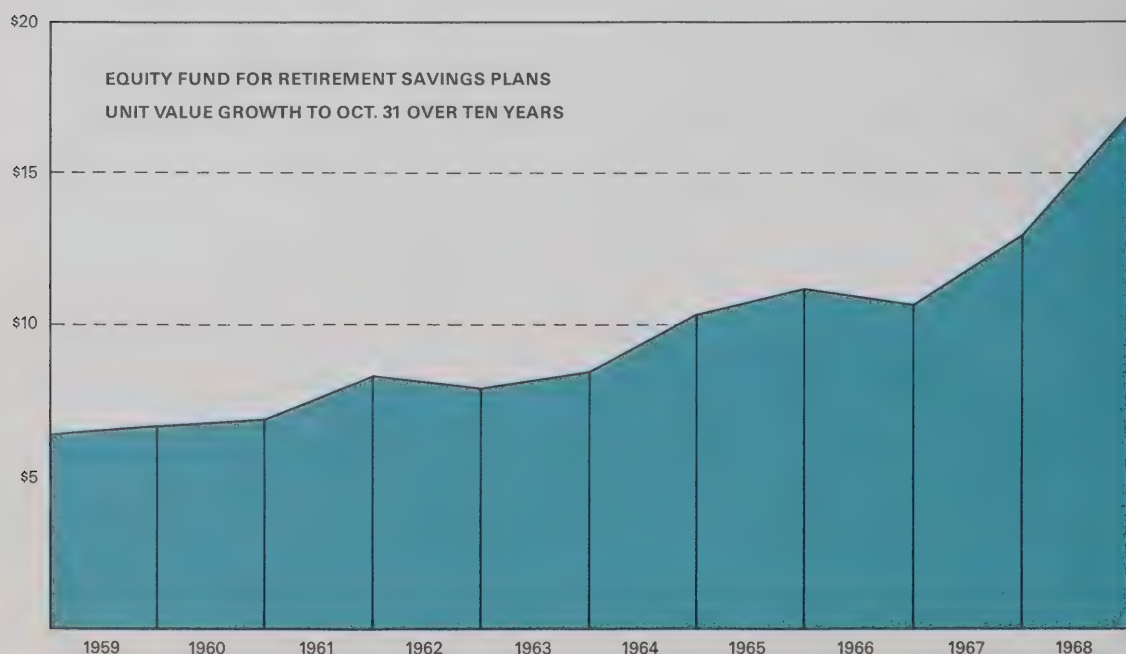
Important factors have influenced the growth of our money management responsibilities. With continuing economic prosperity, estate and trust business has grown rapidly, as has the required investment supervision. Moreover, the investment powers in Wills today are broad enough to permit a wider use of various classes of securities. Investment in common stocks to counter the depreciating effect of inflation has become as important as the original purpose of conserving capital and providing income.

In recent years, the establishment of pension trusts for corporations has shown a remarkable increase. As a result, portfolio managers with a knowledge of pension plan objectives have been assigned to manage growing pension funds, both large and small. To

enable smaller pension funds to obtain the benefits of diversification, 4 separate pooled investment funds have been formed, and later expanded to 6 commingled funds to serve both pension and profit sharing accounts.

Favourable tax legislation has encouraged many individuals to establish their own retirement savings plans, using our services as trustee. To facilitate the investment of monies set aside for this purpose an Equity Fund consisting of a diversified portfolio of Canadian and U.S. common stocks has been established. The Fund enjoys a consistent growth in unit share values, and has proven to be a popular investment vehicle with our retirement savings plan clients.

More and more investors are recognizing the need for professional investment management and advisory services for their own portfolios. National Trust's reputation for investment performance has been a major factor in the healthy growth of this business and its retention, despite heavy competition from other institutions and investment counsel.



*\*Including Re-Invested Dividends.*



To further expand our investment services, and to assist those who had more modest sums to invest, the Natrusco Common Share Fund was established and incorporated in 1964. Its purpose is to provide a diversified investment chiefly in common stocks of Canadian and U.S. corporations to obtain long-term capital growth. The Fund is invested in corporations possessing sound management and a strong outlook for the future. The acceptance of Natrusco has been most gratifying and its initial share value of \$10 has now grown to a current market value exceeding \$15, reflecting the skills, techniques and research facilities provided.

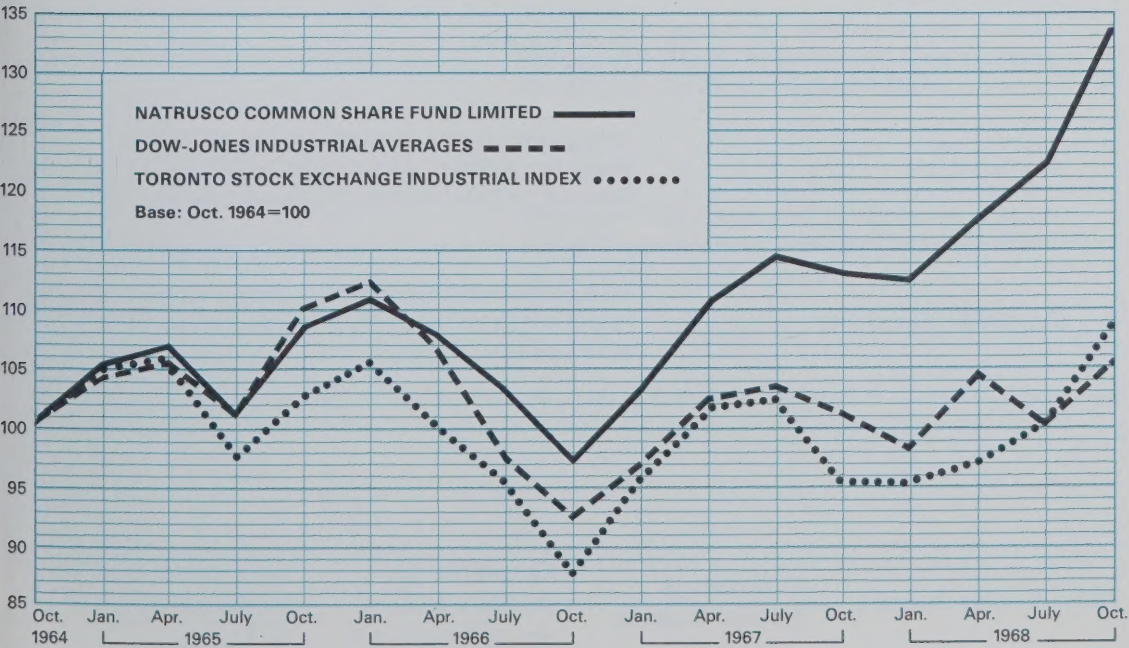
Guaranteed Account, consisting of monies accepted on deposit in regular and special savings accounts, Guaranteed Investment Certificates, and Term Deposits has doubled in size during the past five years. A major portion of the account is placed in mortgage loans to obtain high interest rates, and the investment management involved is of prime importance to our depositors. To select and administer the loans, the Company maintains an extensive mortgage operation across

Canada involving qualified appraisers in all major branches.

Increasingly, individuals and corporations are examining an institution's portfolio management and research facilities, the experience and qualifications of investment officers, as well as the results being produced. A healthy competition now exists which puts investment officers on their mettle.

National Trust has developed a large investment department to manage a wide diversity of accounts, and to review a broad range of securities. Over 40 officers and employees are directly involved in this area, which includes estate and portfolio management, research of industries and companies and the trading of securities.

Professional management of money will continue to be a prime concern of the Company as its investment role expands. Clients and shareholders alike expect to benefit through qualified investment personnel and extensive management and research facilities. But more important, they will look to a continuing record of investment performance.



## ESTATE AND AGENCY SERVICES

<i>Estate Planning</i>	Assisting individuals to plan their estates in an orderly and effective manner so that they will be administered efficiently and economically, with the least possible inconvenience to their families.
<i>Executors and Trustees</i>	The professional management and administration of estates as the deceased's executor and the investment supervision of continuing trusts created by his Will.
<i>Trustees for Living Trusts</i>	The management of trusts established by individuals during their lifetime for members of their families and other beneficiaries.
<i>Agent for Executors and Trustees</i>	To assist private executors and trustees in the administration of estates and trusts, by assuming some or all of the responsibilities by agreement.
<i>Agency Accounts</i>	Holding securities and other property of individuals, recording and disbursing interest and dividends received for their accounts and summarizing income for tax purposes.
<i>Administrators</i>	Acting as court appointed administrators for estates where the deceased died without a Will, or where deceased has failed to appoint an executor in his Will.
<i>Charitable Foundations</i>	Acting as trustee or agent for Foundations established by individuals and organizations for social, scientific and educational purposes.

*Other Services Include*

Guardian of  
Infants' Property

Committee for  
mentally unfit or  
incapable persons

Safekeeping Agencies  
for the protection of  
securities



# MAJOR SERVICES TO CORPORATIONS

<i>Bond Trusteeship Services</i>	Trustee for Bond and Debenture Issues Receiver and Manager of Corporate Property Trustee under Voting Trust, Depository Escrow, Share Purchase and similar Agreements Interest Disbursing Agent
<i>Stock Transfer Services</i>	Transfer Agent and Registrar for Shares of Companies Secretarial and Scrutineer Services for Corporate Proceedings Dividend Disbursing Agent
<i>Employee Benefit Services</i>	Trustee and Agent for Pension, Profit Sharing, Savings and Thrift, Supplemental Unemployment Benefit and other Employee Benefit Plans.
<i>Term Deposits</i>	Depository for amounts of \$100,000 and over re- ceived for short term investment from individuals, organizations and corporations.

**National  
Trust**

**SINCE 1898**